

STATEMENT OF NET ASSETS
DECEMBER 31, 2005
(IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents (Note 1)	\$ 664,688	\$ 680,665	\$ 1,345,353	\$ 317,056
Investments (Note 4)	111	-	111	13,908
Receivables, net	184,583	126,968	311,551	101,315
Due from primary government	-	-	-	1,228
Internal balances	26,506	(26,506)	-	-
Inventories	2,764	20,754	23,518	5,443
Prepayments and other assets	7,844	2,571	10,415	1,752
Capital assets (Note 6)				
Land	686,235	282,808	969,043	40,084
Infrastructure	910,523	-	910,523	-
Buildings	645,251	903,939	1,549,190	674,437
Improvements other than buildings	30,692	1,743,766	1,774,458	17,655
Furniture, machinery and equipment	203,678	1,796,940	2,000,618	273,816
Accumulated depreciation	(319,897)	(2,024,647)	(2,344,544)	(327,307)
Work in progress	52,063	695,541	747,604	42,892
Deferred charges	-	19,355	19,355	-
Deposits with other governments	-	-	-	600
Prepaid rent	-	1,313	1,313	-
Other assets	-	-	-	16,850
Total assets	<u>3,095,041</u>	<u>4,223,467</u>	<u>7,318,508</u>	<u>1,179,729</u>
LIABILITIES				
Accounts payable and other current liabilities	66,034	57,680	123,714	48,535
Due to component unit	1,228	-	1,228	-
Accrued liabilities	33,541	61,456	94,997	23,794
Notes payable (Note 13)	60,714	100,000	160,714	-
Unearned revenues	49,396	30,514	79,910	4,404
Obligations under reverse repurchase agreements (Note 4)	70,048	70,184	140,232	2,214
Noncurrent liabilities (Note 13)				
Due within one year	167,883	53,492	221,375	4,926
Due in more than one year	1,142,546	2,091,280	3,233,826	57,842
Total liabilities	<u>1,591,390</u>	<u>2,464,606</u>	<u>4,055,996</u>	<u>141,715</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,622,170	1,353,356	2,975,526	663,223
Restricted for:				
Capital projects	140,179	201,912 ^(a)	342,091	-
Debt service	52,278	106,364 ^(a)	158,642	-
General government	10,593	-	10,593	-
Law, safety and justice	49,019	-	49,019	-
Physical environment	2,884	-	2,884	-
Economic environment	12,700	-	12,700	-
Mental and physical health	17,252	-	17,252	-
Culture and recreation	4,989	-	4,989	-
Other purposes - primary government	-	3,389 ^(a)	3,389	-
Expendable	-	-	-	200,825
Nonexpendable	-	-	-	12,629
Unrestricted	(408,413)	93,840	(314,573)	161,337
Total net assets	<u>\$ 1,503,651</u>	<u>\$ 1,758,861</u>	<u>\$ 3,262,512</u>	<u>\$ 1,038,014</u>

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restricted Net Assets.

The notes to the financial statements are an integral part of this statement.

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005
(IN THOUSANDS)

		Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units Total
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
Functions/Programs	Expenses					Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General government	\$ 146,878	\$ (61,334)	\$ 58,896	\$ 8,761	\$ 1,558	\$ (16,329)	\$	\$ (16,329)	\$
Law, safety & justice	442,540	33,990	106,315	28,635	-	(341,580)		(341,580)	
Physical environment	50,888	940	43,231	3,016	5,386	(195)		(195)	
Transportation	87,845	2,246	19,157	15,540	147,870	92,476		92,476	
Economic environment	85,819	1,619	34,830	29,123	-	(23,485)		(23,485)	
Mental & physical health	341,664	5,017	183,590	102,909	-	(60,182)		(60,182)	
Culture & recreation	36,437	551	5,700	908	1,799	(28,581)		(28,581)	
Interest and other									
debt service costs	54,538	-	4,049	4,407	-	(46,082)		(46,082)	
Total governmental activities	1,246,609	(16,971)	455,768	193,299	156,613	(423,958)		(423,958)	
Business-type activities:									
Airport	15,212	325	11,308	-	6,352		2,123	2,123	
Public Transportation	517,502	12,177	131,321	14,141	73,230		(310,987)	(310,987)	
Solid Waste	93,547	1,910	91,207	-	529		(3,721)	(3,721)	
Water Quality	243,358	2,512	224,595	-	3,264		(18,011)	(18,011)	
Other	5,741	47	5,913	-	612		737	737	
Total business-type activities	875,360	16,971	464,344	14,141	83,987	-0-	(329,859)	(329,859)	
Total primary government	\$ 2,121,969	\$ -0-	\$ 920,112	\$ 207,440	\$ 240,600	(423,958)	(329,859)	(753,817)	
Component units	\$ 522,596		\$ 500,529	\$ 16,821	\$ 61,581				56,335
General revenues									
Property taxes						447,041	-	447,041	-
Retail sales and use taxes						138,572	341,149	479,721	-
Business and other taxes						52,716	-	52,716	-
Penalties and interest - delinquent taxes						14,901	-	14,901	-
Interest earnings						28,352	16,397	44,749	3,321
Transfers						992	(992)	-	-
Total general revenues and transfers						682,574	356,554	1,039,128	3,321
Change in net assets						258,616	26,695	285,311	59,656
Net assets - January 1, 2005 (Restated)						1,245,035	1,732,166	2,977,201	978,358
Net assets - December 31, 2005						\$ 1,503,651	\$ 1,758,861	\$ 3,262,512	\$ 1,038,014

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The notes to the financial statements are an integral part of this statement.

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005
(IN THOUSANDS)

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 124,658	\$ -	\$ 378,732	\$ 503,390
Taxes receivable - delinquent	6,158	-	5,717	11,875
Accounts receivable, net	7,074	6,290	21,546	34,910
Other receivables, net	-	-	385	385
Interest receivable	9,470	-	-	9,470
Notes and contracts receivable	-	-	6,860	6,860
Due from other funds	11,111	1,007	23,055	35,173
Interfund short-term loans receivable	19,124	-	-	19,124
Due from other governments, net	37,169	19,109	46,838	103,116
Inventory of supplies	-	1,196	-	1,196
Prepayments	-	-	4,323	4,323
Advances to other funds	3,800	-	-	3,800
TOTAL ASSETS	\$ 218,564	\$ 27,602	\$ 487,456	\$ 733,622
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 7,001	\$ 9,278	\$ 21,852	\$ 38,131
Due to other funds	3,213	198	29,603	33,014
Interfund short-term loans payable	-	2,712	11,523	14,235
Due to other governments	398	343	4,554	5,295
Due to component unit	-	-	1,228	1,228
Interest payable	-	-	2,340	2,340
Wages payable	12,803	4,389	5,565	22,757
Taxes payable	122	-	41	163
Bonds payable	-	-	1,820	1,820
Deferred revenues	11,443	319	53,644	65,406
Obligations under reverse repurchase agreements	36,495	-	20,801	57,296
Notes and contracts payable	-	-	60,714	60,714
Custodial accounts	1,598	661	9,852	12,111
Advances from other funds	1,500	-	645	2,145
Total liabilities	74,573	17,900	224,182	316,655
Fund balances				
Reserved ^(a)	18,693	2,466	101,047	122,206
Unreserved				
Designated, reported in ^(a)				
General Fund	28,681			28,681
Public Health Fund		5,337		5,337
Special Revenue Funds			19,804	19,804
Undesignated, reported in				
General Fund	96,617			96,617
Public Health Fund		1,899		1,899
Special Revenue Funds			56,719	56,719
Debt Service Funds			28,635	28,635
Capital Projects Funds			57,069	57,069
Total fund balances	143,991	9,702	263,274	416,967
TOTAL LIABILITIES AND FUND BALANCES	\$ 218,564	\$ 27,602	\$ 487,456	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	2,177,909
Other Long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	28,956
Governmental Activities Internal Service Funds assets and liabilities are included in the governmental activities in the statement of net assets.	68,919
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,189,100) ^(b)
Net assets of governmental activities	\$ 1,503,651

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Reserves and Designations.

(b) See Note 2, "Reconciliation of Government-wide and Fund Financial Statements."

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005
(IN THOUSANDS)

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property taxes	\$ 233,330	\$ -	\$ 213,675	\$ 447,005
Retail sales and use taxes	90,069	-	48,503	138,572
Business and other taxes	10,726	-	41,990	52,716
Penalties and interest - delinquent taxes	14,901	-	-	14,901
Licenses and permits	6,397	10,470	5,610	22,477
Intergovernmental revenues	76,799	125,096	215,512	417,407
Charges for services	96,793	13,810	112,105	222,708
Fines and forfeits	6,122	-	240	6,362
Interest earnings	15,498	-	8,776	24,274
Miscellaneous revenues	13,330	2,392	30,467	46,189
Total revenues	<u>563,965</u>	<u>151,768</u>	<u>676,878</u>	<u>1,392,611</u>
EXPENDITURES				
Current:				
General government	84,534	-	52,882	137,416
Law, safety and justice	363,022	-	66,519	429,541
Physical environment	3,182	-	48,226	51,408
Transportation	-	-	88,473	88,473
Economic environment	10,899	-	76,181	87,080
Mental and physical health	21,011	174,411	148,614	344,036
Culture and recreation	-	-	34,744	34,744
Debt Service				
Principal	-	156	78,004	78,160
Interest and other debt service costs	-	32	55,773	55,805
Capital outlay	1,987	745	81,204	83,936
Total expenditures	<u>484,635</u>	<u>175,344</u>	<u>730,620</u>	<u>1,390,599</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,330</u>	<u>(23,576)</u>	<u>(53,742)</u>	<u>2,012</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	252	18,721	127,041	146,014
Transfers out	(57,607)	(71)	(86,780)	(144,458)
General government debt issued	-	-	2,134	2,134
Premium on bonds sold	-	-	2,112	2,112
Refunding bonds issued	-	-	22,510	22,510
General long-term debt - capital leases	-	184	-	184
Sale of capital assets	73	3	4,231	4,307
Payment to refunded bond escrow agent	-	-	(24,360)	(24,360)
Total other financing sources and uses	<u>(57,282)</u>	<u>18,837</u>	<u>46,888</u>	<u>8,443</u>
Net changes in fund balances	22,048	(4,739)	(6,854)	10,455
Fund balances - January 1, 2005 (Restated) ^(a)	<u>121,943</u>	<u>14,441</u>	<u>270,128</u>	<u>406,512</u>
Fund balances - December 31, 2005	<u>\$ 143,991</u>	<u>\$ 9,702</u>	<u>\$ 263,274</u>	<u>\$ 416,967</u>

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES ^(a)
FOR THE YEAR ENDED DECEMBER 31, 2005
(IN THOUSANDS)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 10,455
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	49,597
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net assets.	102,656
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(505)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	75,618
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	18,276
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	2,519
Change in net assets of governmental activities	<u>\$ 258,616</u>

(a) See Note 2, "Reconciliation of Government-wide and Fund Financial Statements."

The notes to the financial statements are an integral part of this statement.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005
(IN THOUSANDS)

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes:				
Property taxes	\$ 229,624	\$ 229,624	\$ 233,330	\$ 3,706
Retail sales and use taxes	84,162	84,162	90,069	5,907
Business and other taxes	7,207	7,207	10,726	3,519
Penalties and interest - delinquent taxes	13,980	13,980	14,901	921
Licenses and permits	7,380	7,381	6,397	(984)
Intergovernmental revenues	72,123	72,122	76,799	4,677
Charges for services	92,108	92,159	96,793	4,634
Fines and forfeits	8,230	8,230	6,122	(2,108)
Interest earnings	11,230	11,230	16,200	4,970
Miscellaneous revenues	4,987	12,311	13,282	971
Sale of capital assets	100	100	73	(27)
Transfers in	23,177	15,967	21,028	5,061
Total revenues	554,308	554,473	585,720	31,247
EXPENDITURES				
Current:				
General government services	88,323	91,347	86,304	5,043
Law, safety and justice	365,336	376,125	365,187	10,938
Physical environment	3,809	3,547	3,182	365
Economic environment	13,120	14,709	14,149	560
Mental and physical health	19,684	21,254	21,011	243
Debt service				
Principal	34	34	-	34
Interest and other debt service costs	3	3	-	3
Capital outlay	1,115	1,993	2,347	(354)
Transfers out	70,684	93,516	78,383	15,133
Total expenditures	562,108	602,528	570,563	31,965
Excess of revenues over (under) expenditures (budgetary basis)	\$ (7,800)	\$ (48,055)	15,157	\$ 63,212
Adjustment from budgetary basis to GAAP basis			6,891 ^(a)	
Net change in fund balance			22,048	
Fund balance – January 1, 2005 (Restated)			121,943 ^(b)	
Fund balance – December 31, 2005			\$ 143,991	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Recognition of unrealized loss on investments on a GAAP basis			\$ (702)	
Reclassification of donations from a fiduciary fund, revenue on a GAAP basis			48	
Budgeted intrafund transfers in, eliminated on a GAAP basis			(20,776)	
Adjustments to expenditures				
Encumbrances, not included in GAAP basis expenditures			7,545	
Budgeted intrafund transfers out, eliminated on a GAAP basis			20,776	
Adjustment from budgetary basis to GAAP basis			\$ 6,891	

(b) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The notes to the financial statements are an integral part of this statement.

PUBLIC HEALTH FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2005
 (IN THOUSANDS)

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Licenses and permits	\$ 9,519	\$ 9,520	\$ 10,470	\$ 950
Intergovernmental revenues	130,210	134,809	125,096	(9,713)
Charges for services	14,432	13,575	13,810	235
Miscellaneous revenues	11,800	5,043	2,302	(2,741)
Transfers in	17,162	18,721	18,721	-
Sale of capital assets	-	-	3	3
Total revenues	<u>183,123</u>	<u>181,668</u>	<u>170,402</u>	<u>(11,266)</u>
EXPENDITURES				
Current:				
Mental and physical health	182,411	181,947	175,078	6,869
Debt service				
Principal	-	-	156	(156)
Interest and other debt service costs	-	-	32	(32)
Capital outlay	1,599	1,877	673	1,204
Transfers out	357	357	71	286
Total expenditures	<u>184,367</u>	<u>184,181</u>	<u>176,010</u>	<u>8,171</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (1,244)</u>	<u>\$ (2,513)</u>	(5,608)	<u>\$ (3,095)</u>
Adjustment from budgetary basis to GAAP basis			869 ^(a)	
Net change in fund balance			(4,739)	
Fund balance – January 1, 2005 (Restated)			14,441 ^(b)	
Fund balance – December 31, 2005			<u>\$ 9,702</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Nonbudgeted proceeds from Emergency Medical Service – donations			\$ 90	
Nonbudgeted capital lease revenue			184	
Adjustments to expenditures				
Nonbudgeted capital lease expenditure			(184)	
Encumbrances not included in GAAP basis expenditures			779	
Adjustment from budgetary basis to GAAP basis			<u>\$ 869</u>	

(b) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The notes to the financial statements are an integral part of this statement.

KING COUNTY, WASHINGTON

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2005
 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current assets					
Cash and cash equivalents	\$ 236,585	\$ 271,240	\$ 168,662	\$ 676,487	\$ 165,476
Investments	-	-	-	-	111
Accounts receivable	17,912	21,738	5,791	45,441	600
Estimated uncollectible accounts receivable	(92)	(1,646)	(45)	(1,783)	(10)
Notes and contracts receivable	-	-	6	6	-
Due from other funds	2,795	993	4,219	8,007	2,909
Due from other governments, net	81,606	985	713	83,304	73
Inventory of supplies	15,060	4,687	1,004	20,751	1,571
Prepayments and other assets	2,469	102	-	2,571	3,521
Total current assets	<u>356,335</u>	<u>298,099</u>	<u>180,350</u>	<u>834,784</u>	<u>174,251</u>
Noncurrent assets					
Capital assets					
Land	137,080	110,370	35,358	282,808	-
Buildings	285,046	560,451	58,442	903,939	-
Improvements other than buildings	592,087	1,008,797	142,882	1,743,766	1,200
Furniture, machinery and equipment	830,756	875,447	78,870	1,785,073	94,239
Accumulated depreciation	(828,736)	(1,030,619)	(156,828)	(2,016,183)	(62,363)
Work in progress	148,207	525,865	21,469	695,541	963
Total capital assets	<u>1,164,440</u>	<u>2,050,311</u>	<u>180,193</u>	<u>3,394,944</u>	<u>34,039</u>
Other noncurrent					
Advances to other funds	1,845	-	-	1,845	-
Deferred charges and other	1,571	17,784	-	19,355	-
Prepaid rent	1,313	-	-	1,313	-
Total other noncurrent	<u>4,729</u>	<u>17,784</u>	<u>-</u>	<u>22,513</u>	<u>-</u>
Total noncurrent assets	<u>1,169,169</u>	<u>2,068,095</u>	<u>180,193</u>	<u>3,417,457</u>	<u>34,039</u>
Total Assets	<u>1,525,504</u>	<u>2,366,194</u>	<u>360,543</u>	<u>4,252,241</u>	<u>208,290</u>
LIABILITIES					
Current liabilities					
Accounts payable	22,735	29,799	4,129	56,663	10,290
Claims and judgments payable	830	1,501	-	2,331	-
Estimated claim settlements	-	-	-	-	76,476
Due to other funds	260	3,747	6,372	10,379	2,696
Due to other governments	-	715	-	715	-
Interest payable	697	43,530	241	44,468	33
Interfund short-term loans payable	-	-	-	-	279
Wages payable	12,872	2,779	1,337	16,988	2,466
Taxes payable	26	51	173	250	19
Unearned revenues	14,085	-	1,929	16,014	252
Obligations under reverse repurchase agreements	22,989	30,003	17,192	70,184	12,752
Revenue bonds payable	-	23,115	1	23,116	-
General obligation bonds payable	6,785	6,215	5,607	18,607	1,200
Capital leases payable	73	-	-	73	-
State revolving loan payable	-	4,395	-	4,395	-
Notes payable	-	100,000	-	100,000	-
Environmental remediation and other liabilities	-	3,645	-	3,645	92
Total current liabilities	<u>81,352</u>	<u>249,495</u>	<u>36,981</u>	<u>367,828</u>	<u>106,555</u>
Long-term liabilities					
Advances from other funds	3,500	-	-	3,500	-
General obligation bonds payable	158,495	541,875	22,140	722,510	905
Revenue bonds payable	-	1,166,640	-	1,166,640	-
Deferred bond discount/refunding losses	727	(51,125)	(676)	(51,074)	-
Capital leases payable	3,612	-	-	3,612	-
State revolving loans payable	-	107,088	-	107,088	-
Compensated absences payable	37,075	8,160	3,673	48,908	8,893
Landfill closure and post-closure care liability	-	-	92,495	92,495	-
Estimated claim settlements	-	-	-	-	37,891
Environmental remediation and other liabilities	50	16,318	558	16,926	74
Total long-term liabilities	<u>203,459</u>	<u>1,788,956</u>	<u>118,190</u>	<u>2,110,605</u>	<u>47,763</u>
Total Liabilities	<u>284,811</u>	<u>2,038,451</u>	<u>155,171</u>	<u>2,478,433</u>	<u>154,318</u>
NET ASSETS					
Invested in capital assets, net of related debt	995,955	200,876	153,122	1,349,953	32,458
Restricted	197,075	98,889	15,701	311,665	-
Unrestricted	47,663	27,978	36,549	112,190	21,514
Total Net Assets	<u>\$ 1,240,693</u>	<u>\$ 327,743</u>	<u>\$ 205,372</u>	<u>1,773,808</u>	<u>\$ 53,972</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(14,947) ^(a)	
Net assets of business-type activities				<u>\$ 1,758,861</u>	

(a) See Note 2, "Reconciliation of Government-wide and Fund Financial Statements."

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005
 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
I-Net fees	\$ -	\$ -	\$ 2,308	\$ 2,308	\$ -
Radio services	-	-	3,605	3,605	-
Solid waste disposal charges	-	-	88,101	88,101	-
Airfield fees	-	-	2,191	2,191	-
Hangar, building, and site rentals and leases	-	-	8,576	8,576	-
Reimbursement for services to tenants	-	-	524	524	-
Passenger	105,355	-	-	105,355	-
Special service contracts	3,289	-	-	3,289	-
Sewage disposal fees	-	197,569	-	197,569	-
Miscellaneous	22,344	23,474	17	45,835	-
Other service revenues	-	-	-	-	314,923
Total operating revenues	<u>130,988</u>	<u>221,043</u>	<u>105,322</u>	<u>457,353</u>	<u>314,923</u>
OPERATING EXPENSES					
Personal services	289,849	32,391	36,853	359,093	66,169
Materials and supplies	40,692	7,476	7,384	55,552	8,223
Contract services and other charges	15,621	9,454	23,551	48,626	215,936
Utilities	4,653	8,203	2,775	15,631	-
Purchased transportation	38,767	-	-	38,767	-
Internal services	45,868	26,127	12,736	84,731	19,555
Landfill closure and post-closure care	-	-	8,683	8,683	-
Depreciation	87,958	88,155	16,454	192,567	8,139
Total operating expenses	<u>523,408</u>	<u>171,806</u>	<u>108,436</u>	<u>803,650</u>	<u>318,022</u>
OPERATING INCOME (LOSS)	<u>(392,420)</u>	<u>49,237</u>	<u>(3,114)</u>	<u>(346,297)</u>	<u>(3,099)</u>
NONOPERATING REVENUES					
Sales tax	341,149	-	-	341,149	-
Intergovernmental	14,141	-	-	14,141	12
Interest earnings	6,157	5,868	4,243	16,268	4,208
DNR administration	-	-	2,915	2,915	-
Rental income	-	-	183	183	-
Miscellaneous	333	3,482	-	3,815	-
Total nonoperating revenues	<u>361,780</u>	<u>9,350</u>	<u>7,341</u>	<u>378,471</u>	<u>4,220</u>
NONOPERATING EXPENSES					
Interest	5,046	63,372	1,571	69,989	122
DNR administration	-	-	2,866	2,866	-
(Gain) Loss on disposal of capital assets	(1,245)	4,718	2,327	5,800	(489)
Miscellaneous	1,675	5,659	1,526	8,860	-
Total nonoperating expenses	<u>5,476</u>	<u>73,749</u>	<u>8,290</u>	<u>87,515</u>	<u>(367)</u>
Income (loss) before contributions and transfers	(36,116)	(15,162)	(4,063)	(55,341)	1,488
Capital grants and contributions	73,230	3,224	7,493	83,947	1,255
Transfers in	-	-	57	57	2,285
Transfers out	(181)	(268)	(824)	(1,273)	(3,204)
CHANGE IN NET ASSETS	<u>36,933</u>	<u>(12,206)</u>	<u>2,663</u>	<u>27,390</u>	<u>1,824</u>
NET ASSETS - JANUARY 1, 2005 (RESTATED)	<u>1,203,760</u>	<u>339,949</u>	<u>202,709</u> ^(b)		<u>52,148</u> ^(b)
NET ASSETS - DECEMBER 31, 2005	<u>\$ 1,240,693</u>	<u>\$ 327,743</u>	<u>\$ 205,372</u>		<u>\$ 53,972</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(695) ^(a)	
Change in net assets of business-type activities				<u>\$ 26,695</u>	

(a) See Note 2, "Reconciliation of Government-wide and Fund Financial Statements."

(b) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005
 (IN THOUSANDS)
 (PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 126,612	\$ 233,405	\$ 104,310	\$ 464,327	\$ 320,865
Cash payments to suppliers for goods and services	(152,296)	(46,405)	(46,276)	(244,977)	(237,215)
Cash payments for employee services	(286,647)	(31,534)	(36,813)	(354,994)	(66,223)
Other receipts	-	-	3,098	3,098	383
Other payments	-	-	(4,392)	(4,392)	-
Net cash provided (used) by operating activities	(312,331)	155,466	19,927	(136,938)	17,810
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	345,055	-	208	345,263	12
Grants to other governments	(1,572)	-	-	(1,572)	-
Advances to other funds	147	-	-	147	-
Advances from other funds	3,500	-	-	3,500	-
Interest paid on short-term loans	-	(239)	-	(239)	(7)
Interfund loan principal	-	-	-	-	78
Transfers in	-	-	57	57	2,519
Transfers out	(181)	(268)	(824)	(1,273)	(2,849)
Net cash provided (used) by noncapital financing activities	346,949	(507)	(559)	345,883	(247)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(69,942)	(220,061)	(18,561)	(308,564)	(11,072)
Principal paid on general obligation bonds	(6,490)	(7,970)	(5,361)	(19,821)	(1,145)
Proceeds from new general obligation bond issue	-	207,299	-	207,299	-
Interest paid on general obligation bonds	(8,859)	(24,923)	(1,611)	(35,393)	(130)
Assessment principal and interest paid	-	-	-	-	(23)
Principal paid on revenue bonds	-	(20,585)	-	(20,585)	-
Interest paid on revenue bonds	-	(52,690)	-	(52,690)	-
Principal paid on equipment contracts	(9,416)	-	-	(9,416)	-
Interest paid on capital leases	(366)	-	-	(366)	-
Assessment principal, interest, and penalties received	483	-	-	483	-
Interest paid on notes payable	-	(2,409)	-	(2,409)	-
Issuance costs paid on bonds and notes payable	-	(1,650)	-	(1,650)	-
Principal paid on state loans	-	(2,260)	-	(2,260)	-
Interest paid on state loans	-	(1,245)	-	(1,245)	-
Proceeds from new state loans	-	20,278	-	20,278	-
Capital grants received	68,137	5,822	7,198	81,157	-
Landfill closure and post-closure care and remediation	-	(14)	(3,960)	(3,974)	-
Proceeds from disposal of capital assets	3,264	-	21	3,285	1,150
Net cash used by capital and related financing activities	(23,189)	(100,408)	(22,274)	(145,871)	(11,220)
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in pooled reverse repurchase agreements	17,255	23,878	12,731	53,864	9,552
Interest on investments (including unrealized gains/losses reported as Cash and cash equivalents)	15,503	5,868	4,244	25,615	4,209
Net cash provided by investing activities	32,758	29,746	16,975	79,479	13,761
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,187	84,297	14,069	142,553	20,104
CASH AND CASH EQUIVALENTS – JANUARY 1, 2005	192,398	186,943	154,593	533,934	145,372
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2005	\$ 236,585	\$ 271,240	\$ 168,662	\$ 676,487	\$ 165,476

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005
 (IN THOUSANDS)
 (PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (392,420)	\$ 49,237	\$ (3,114)	\$ (346,297)	\$ (3,099)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	87,958	88,155	16,454	192,567	8,139
Class compensation expense	-	-	(83)	(83)	(137)
Landfill closure and post-closure care	-	-	8,683	8,683	-
Other nonoperating revenue/expense	-	-	(1,294)	(1,294)	-
Changes in assets - (increase) decrease					
Accounts receivable, net	(4,677)	(1,194)	1,062	(4,809)	50
Notes and contracts receivable	-	-	42	42	-
Due from other funds	(1,638)	(993)	(3,014)	(5,645)	292
Due from other governments, net	-	(944)	236	(708)	(11)
Inventory of supplies	(1,700)	(11)	(179)	(1,890)	(143)
Prepayments	150	(103)	-	47	3,045
Changes in liabilities - increase (decrease)					
Accounts payable	(5,325)	2,597	(1,583)	(4,311)	3,847
Due to other funds	(593)	3,378	2,899	5,684	380
Rate Stabilization	-	14,500	-	14,500	-
Wages payable	1,431	1,222	(11)	2,642	109
Taxes payable	(62)	(13)	(174)	(249)	(21)
Unearned revenues	2,804	-	(5)	2,799	(6)
Claims and judgments payable	(1,218)	-	-	(1,218)	-
Estimated claim settlements	-	-	-	-	5,299
Compensated absences	2,959	(365)	72	2,666	(26)
Customer deposits and other liabilities	-	-	(64)	(64)	92
Total adjustments	80,089	106,229	23,041	209,359	20,909
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (312,331)	\$ 155,466	\$ 19,927	\$ (136,938)	\$ 17,810
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from government	\$ -	\$ 393	\$ 127	\$ 520	\$ 1,255

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2005
 (IN THOUSANDS)

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 165,576
Assets held in trust - external investment pool	-	1,832,232
Investments	1,830,438	3,566
Assets held in trust - individual investment accounts	-	3,273
Taxes receivable - delinquent	-	57,258
Accounts receivable	-	3,146
Interest receivable	9,676	-
Assessments receivable	-	9,508
Interfund short-term loan receivable	-	500
TOTAL ASSETS	<u>1,840,114</u>	<u>\$ 2,075,059</u>
LIABILITIES		
Warrants payable	-	\$ 79,470
Accounts payable	-	8,534
Obligations under reverse repurchase agreements	191,691	-
Liability allocated from external investment pool	-	191,691
Interfund short-term loans payable	4,610	500
Wages payable	-	2,153
Custodial accounts - County agencies	-	60,497
Due to special districts/other governments	-	1,732,214
TOTAL LIABILITIES	<u>196,301</u>	<u>\$ 2,075,059</u>
NET ASSETS		
Held in trust for pool/individual investment account participants	<u>\$ 1,643,813</u>	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005
(IN THOUSANDS)

	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ 5,386,636
Net investment earnings (losses)	
Interest	53,893
Decrease in the fair value of investments	<u>(9,477)</u>
TOTAL ADDITIONS	5,431,052
DEDUCTIONS	
Distributions	<u>5,494,028</u>
Change in net assets	(62,976)
Net assets - January 1, 2005	<u>1,706,789</u>
Net assets - December 31, 2005	<u><u>\$ 1,643,813</u></u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
 COMPONENT UNITS
 DECEMBER 31, 2005
 (IN THOUSANDS)

	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
ASSETS				
Cash and cash equivalents (Notes 1 and 4)	\$ 289,840	\$ 19,214	\$ 8,002	\$ 317,056
Investments (Note 4)	-	-	13,908	13,908
Receivables, net	100,364	59	892	101,315
Due from primary government	-	-	1,228	1,228
Inventories	5,443	-	-	5,443
Prepayments	1,752	-	-	1,752
Capital assets (Note 6)				
Land	1,586	38,498	-	40,084
Buildings	185,346	489,091	-	674,437
Improvements other than buildings	1,363	16,292	-	17,655
Furniture, machinery and equipment	273,751	65	-	273,816
Accumulated depreciation	(246,693)	(80,614)	-	(327,307)
Work in progress	42,892	-	-	42,892
Deposits with other governments	600	-	-	600
Other assets	16,850	-	-	16,850
Total assets	<u>673,094</u>	<u>482,605</u>	<u>24,030</u>	<u>1,179,729</u>
LIABILITIES				
Accounts payable and other current liabilities	47,974	57	504	48,535
Accrued liabilities	23,794	-	-	23,794
Unearned revenues	279	-	4,125	4,404
Obligations under reverse repurchase agreements (Note 4)	-	2,214	-	2,214
Noncurrent liabilities:				
Due within one year	1,621	2,944	361	4,926
Due in more than one year	11,003	42,787	4,052	57,842
Total liabilities	<u>84,671</u>	<u>48,002</u>	<u>9,042</u>	<u>141,715</u>
NET ASSETS				
Invested in capital assets, net of related debt	245,621	417,602	-	663,223
Restricted for:				
Expendable	192,816	-	8,009	200,825
Nonexpendable	1,237	-	11,392	12,629
Unrestricted	148,749	17,001	(4,413)	161,337
Total net assets	<u>\$ 588,423</u>	<u>\$ 434,603</u>	<u>\$ 14,988</u>	<u>\$ 1,038,014</u>

The notes to the financial statements are an integral part of this statement.

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2005
(IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
Component units:								
Harborview Medical Center	\$ 503,490	\$ 499,573	\$ 7,520	\$ 61,581	\$ 65,184	\$ -	\$ -	\$ 65,184
WSMLB Stadium	13,044	777	-	-	-	(12,267)	-	(12,267)
Cultural Development Authority	6,062	179	9,301	-	-	-	3,418	3,418
Total component units	<u>\$ 522,596</u>	<u>\$ 500,529</u>	<u>\$ 16,821</u>	<u>\$ 61,581</u>	<u>65,184</u>	<u>(12,267)</u>	<u>3,418</u>	<u>56,335</u>
General revenues								
Interest earnings					2,529	555	237	3,321
Change in net assets					67,713	(11,712)	3,655	59,656
Net assets - January 1, 2005					520,710	446,315	11,333	978,358
Net assets - December 31, 2005					<u>\$ 588,423</u>	<u>\$ 434,603</u>	<u>\$ 14,988</u>	<u>\$ 1,038,014</u>

The notes to the financial statements are an integral part of this statement.